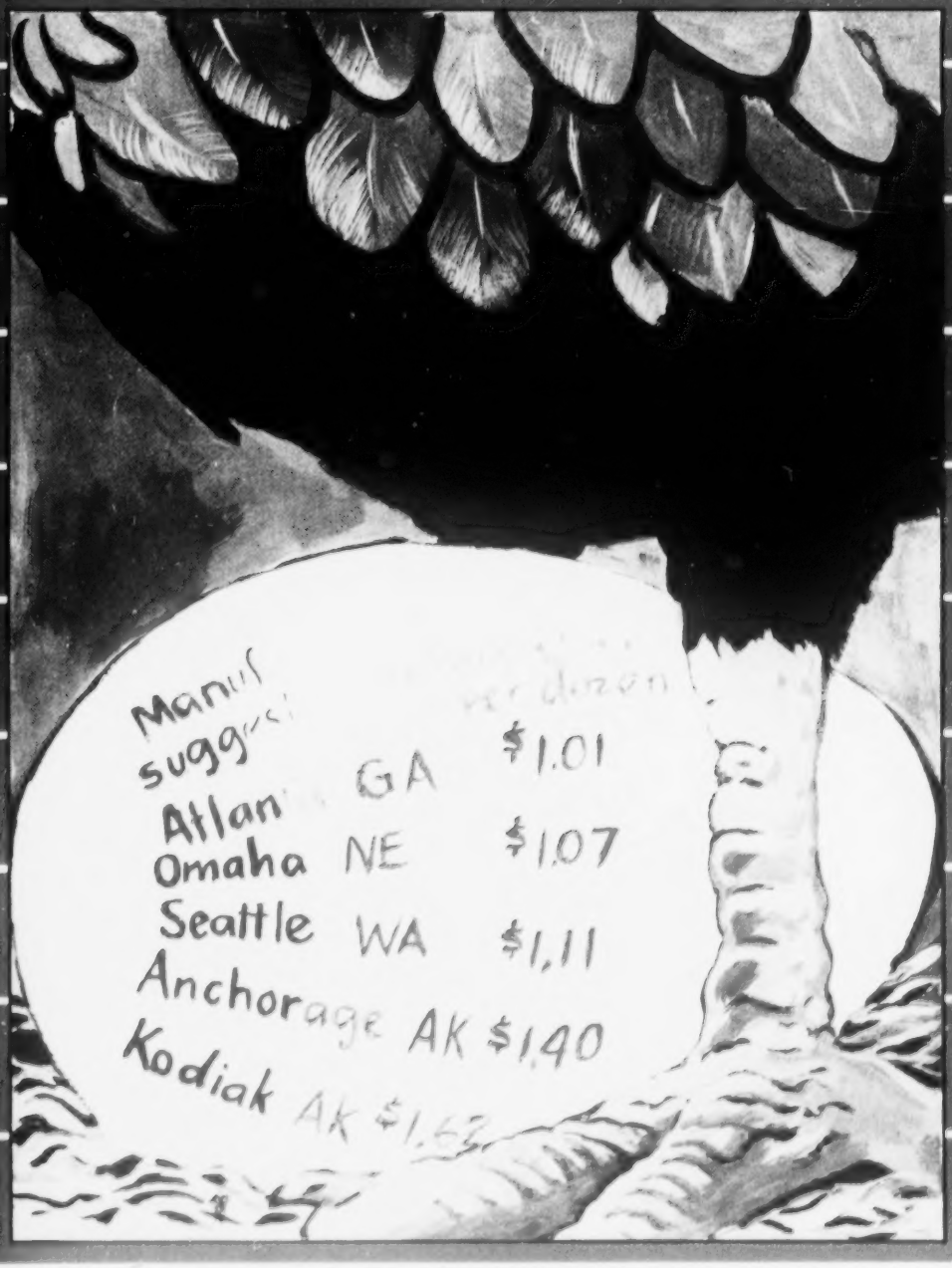
ALASKA ECONOMIC TRENDS



MEASURING AK'S COST OF LIVING

SEPTEMBER: EMPLOYMENT GROWTH STALLS

December 1991

ALASKA ECONOMIC

TRENDS

Contents

Alaska Economic Trends is a monthly publication dealing with a variety of economic-related issues occuring in the state.

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Measuring Alaska's Cost of Living

By John Boucher

The current cost of living in Alaska, and the way the cost has changed over time, are two of the most frequently requested pieces of information available from the Alaska Department of Labor's Research and Analysis section. This article explains some of the cost of living measurements available for Alaska, their uses and their limitations.

A measure of inflation or cost differences by area?

Two types of cost of living measurements are available for Alaska. If you are interested in how prices have changed in one place over a period of time—commonly referred to as the inflation rate—the Consumer Price Index is the cost of living measurement you need. If you're interested in cost differences between two places—couched in questions like: Is it more expensive to live in Fairbanks than Seattle?—then a cost of living measurement like the ACCRA index or the Runzheimer International studies best suits your needs.

Be aware of the method and the "Market Basket"

Since it is prohibitively expensive to price every item consumers purchase, cost of living surveys track price changes of a sample of items from various expenditure categories (such as housing expenses, medical expenses, food expenses, etc.). This sample of items is called the survey's market basket.

When you choose a cost of living survey, it's a good idea to know what the survey's market basket is, and what population's buying habits the survey is trying to simulate. All surveys either give a listing of the items which make up the market basket, or define the type of household which the market basket was designed to represent. For example, the Runzheimer data presented in this article assumes a family of four whose income level would be $32,000 in the average cost city of those surveyed.

The Consumer Price Index—the nation's inflation measure

The majority of requests about Alaska's cost of living relate to the rate of inflation. The Consumer Price Index (CPI) is a national survey designed to answer questions about price changes. CPI information is often used to adjust rents, wages or other monetary payments for the effects of inflation.

To produce the CPI, the U.S. Department of Labor's Bureau of Labor Statistics gathers prices in 85 metropolitan areas throughout the country. In Alaska, only Anchorage prices are surveyed, and consequently the Anchorage CPI is the only "Alaskan" inflation measure. One shortcoming of having only Anchorage prices tracked is that the inflation rate in Anchorage may not be suitable in rural or even far removed urban areas of the state. Generally, Anchorage price trends reflect changes in the cost of living for most Alaskans. If you feel that the Anchorage CPI doesn't adequately measure inflation in

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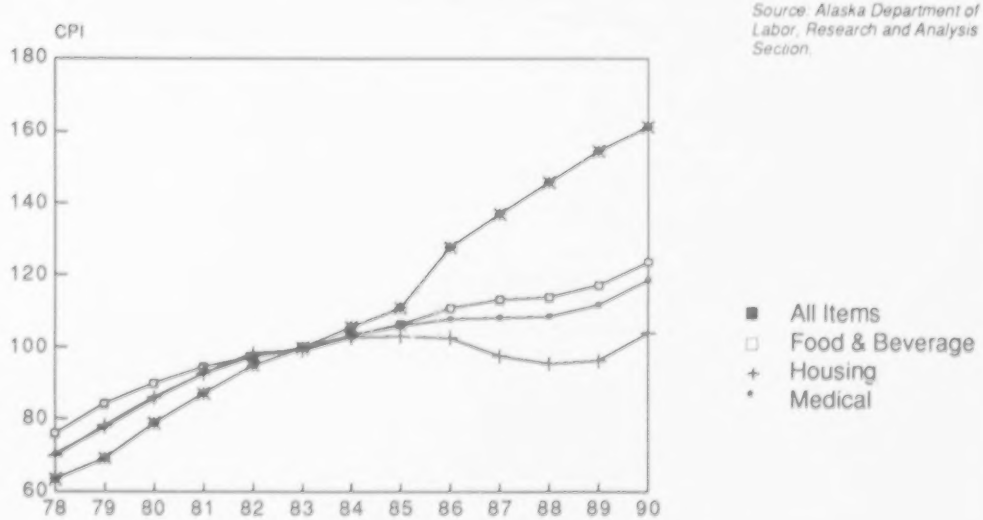
Figure • 1

Consumer Price Index – Anchorage
All Items and Selected Items



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 1

Consumer Price Index – Urban Consumers
U.S. and Alaska, All Items and Selected Components

	ALL ITEMS				ALL ITEMS LESS SHELTER				HOUSING		MEDICAL		FOOD & BEVERAGE	
Year	U.S. Average	Annual Percent Change	Anchorage Average	Annual Percent Change	U.S. Average	Annual Percent Change	Anchorage Average	Annual Percent Change	U.S. Average	Anchorage Average	U.S. Average	Anchorage Average	U.S. Average	Anchorage Average
1960	29.6		34.4											
1965	31.5	1.3	35.3	0.5										
1970	38.8	4.3	41.1	3.1										
1975	53.8	6.8	57.1	6.8										
1976	56.9	5.8	61.5	7.7	59.3		62.1		53.8	62.6	52.0	52.6	62.1	64.2
1977	60.6	6.5	65.6	6.7	63.1	6.4	66.6	7.2	57.4	65.5	57.0	57.9	65.8	68.9
1978	65.2	7.6	70.2	7.0	67.4	6.8	71.0	6.6	62.4	69.7	61.8	63.4	72.2	75.9
1979	72.6	11.3	77.6	10.5	74.2	10.1	77.0	8.5	70.1	78.0	67.5	69.1	79.9	84.0
1980	82.4	13.5	85.5	10.2	82.9	11.7	84.7	10.0	81.1	85.9	74.9	78.8	86.7	89.7
1981	90.9	10.3	92.4	8.1	91.0	9.8	92.0	8.6	90.4	92.5	82.9	86.9	93.5	94.3
1982	96.5	6.2	97.4	5.4	96.2	5.7	96.3	4.7	96.9	98.2	92.5	94.8	97.3	97.2
1983	99.6	3.2	99.2	1.8	99.8	3.7	99.9	3.7	99.5	99.0	100.6	99.7	99.5	99.7
1984	103.9	4.3	103.3	4.1	103.9	4.1	103.8	3.9	103.6	102.7	106.8	105.5	103.2	103.2
1985	107.6	3.6	105.8	2.4	107.0	3.0	107.5	3.6	107.7	103.0	113.5	110.9	105.6	106.2
1986	109.6	1.9	107.8	1.9	108.0	0.9	111.2	3.4	110.9	102.6	122.0	127.8	109.1	110.8
1987	113.6	3.6	108.2	0.4	111.6	3.3	115.1	3.5	114.2	97.5	130.1	137.0	113.5	113.1
1988	118.3	4.1	108.6	0.4	115.9	3.9	117.8	2.3	118.5	95.4	138.6	145.8	118.2	113.8
1989	124.0	4.8	111.7	2.9	121.6	4.9	122.3	3.8	123.0	96.3	149.3	154.4	124.9	117.2
1990	130.7	5.4	118.6	6.2			128.0	4.7		103.9		161.2		123.7
1st half 1988	116.8		108.4		114.4		117.0		117.2	95.8	136.5	143.0	116.5	113.5
1st half 1989	122.7	5.1	110.9	2.3	120.4	5.2	121.4	3.8	121.7	95.8	146.3	153.1	123.6	116.4
1st half 1990	128.7	4.9	116.9	5.4	126.2	4.8	126.5	4.2	126.8	102.2	159.1	160.1	131.0	122.5
1st half 1991	135.2	5.1	123.3	5.5		-100.0	132.0	4.3		109.5		170.1		128.2

Note: The most current Consumer Price Index data for Alaska is for the first half of 1991. For comparability, data for the first half of 1988, 1989 and 1990 are given to show the percentage change over the year.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

your area there are alternate measurements available. For example, the Bureau of Labor Statistics recommends that the national CPI data be used when adjusting for the effects of inflation. As a matter of practice though, most Alaskan users are more comfortable using the Anchorage CPI rather than the national CPI.

Housing component kept Anchorage inflation down during recession

By analyzing the different rates of inflation among expenditure categories, one can see how the different parts of your budget are affecting the overall CPI. (See Table 1 and Figure 1.) For example, health care costs have increased at a much more rapid rate than has the overall Anchorage CPI, while housing costs have lagged behind.

Each commodity group is given a weight—its contribution to the overall cost of living. While health care costs have shot up in recent years, they account for only about 5% of the total cost of living. Housing costs, on the other hand, account for 38.5% of the Anchorage CPI.

The strong influence that housing costs have on the overall movement of the Anchorage CPI has been particularly noticeable the last several years. From 1986 to 1988, falling housing costs offset increases in the other components of the CPI, and the result was that the Anchorage CPI rose only slightly during these three years. The recent increase in inflation in Anchorage can be largely accounted for by the change in the housing market. When the housing component jumped from a 1.0% increase in 1989 to a 7.8% increase in 1990, the overall Anchorage CPI followed suit going from a 2.8% to a 6.2% increase in the overall rate of inflation.

The housing cost component is unique in the CPI especially in regard to home ownership costs. The CPI data assumes a consumer has just purchased or rented a

home. To gauge housing expenditures this method can have some shortcomings. Many homeowners have a long-term fixed-rate mortgage and their monthly house payment does not vary to the extent that house prices and rents do. For this reason, the overall CPI figures tend to understate the inflation rate for homeowners during periods of rapidly declining house prices. The opposite is true during a period of rapidly increasing house prices and rents. To measure the inflation rate without the housing component BLS publishes a special index which excludes the housing-related costs- it's referred to as the All Items Less Shelter Index.

CPI measures inflation—not living costs between locations

CPI users should be aware of a common misinterpretation of the CPI index. It most often occurs when users compare CPI numbers among areas. For example, at 118.6 the annual average Anchorage CPI for 1990 is lower than the United States' average of 130.7. This does not mean that Anchorage has a lower cost of living than the average in the United States. The CPI measures inflation, not costs. The fact that the 1990 Anchorage CPI number is smaller than the overall U.S. index means that Anchorage prices have not risen as quickly as they have in the rest of the U.S. since the early 80s. (The base period, or when the two indexes equaled 100, is 1982-84.)

Three place-to-place comparisons—each with different results

There are several different indices which compare living costs between places. Each of these cost of living indices show a different result when you compare living costs between locations. One reason for this is the method that is used to measure cost of living differences. For example, the Cost of Food at Home for a Week survey, done quarterly by the University of Alaska's Cooperative Extension Service, only measures the cost of food. This represents a significant portion of a consumer's budget, but it is not intended to be a comprehensive measurement of the cost of living.

The Cost of Food at Home study measures the cost to feed various size families in different locations in Alaska. The report also contains comparative information on some utility and fuel costs. One of its strengths is its wide geographic coverage. It provides comparative measures for locations not covered by any other cost index, in particular rural Alaska.

Table • 2

Cost of Food for a Week in Various Alaskan Communities – June 1991

Community	Cost of Food, 1 Week	Ratio of Food Cost to Anchorage Average (percent)
Anchorage	$102.84	n/a
Bethel	152.49	148
Cordova	160.13	156
Delta	135.59	132
Dillingham	176.51	172
Fairbanks	114.65	111
Galena	181.15	176
Glenallen	149.12	145
Homer	122.07	119
Juneau	104.21	101
Kenai	112.10	109
Ketchikan	99.89	97
Kodiak	127.96	124
Little Diomede 2/	216.23	210
MatSu 1/	110.51	107
McGrath	160.59	156
Nome	150.29	146
Petersburg	113.66	111
Sand Point 2/	172.31	168
Sitka	116.11	113
Tok	143.45	139

Costs are for a family of four with elementary school children. Sales tax included in food and utility cost.

1/ Mat-Su area's 2% tax is the rate for Palmer and is not used in tabulating costs.

2/ These communities were estimated because not all food items were available.

Source: "Cost of Food at Home for a Week," June 1991 University of Alaska Cooperative Extension Service U.S. Dept. of Agriculture and SEA Grant Cooperating

Comparing the cost of living between communities in Alaska is made difficult by several factors. Many goods and services available in larger cities are not readily available in rural areas. The buying habits of urban residents vary from people in rural communities. Different consumption patterns in urban and rural areas complicate comparisons in the cost of living. Subsistence contributions to some households also make cost of living comparisons more difficult. The Cost of Food survey assumes that all goods are purchased in the local community—none are acquired through subsistence means or from merchants outside of the community.

Table • 3

Cost of Food at Home for a Week 1978-1991

Month/Year	Anch.	Fbks.	Percent of Anch. Avg.	Juneau	Percent of Anch. Avg.	Bethel	Percent of Anch. Avg.	Nome	Percent of Anch. Avg.	Kodiak	Percent of Anch. Avg.	Kenai	Percent of Anch. Avg.	Tok	Percent of Anch. Avg.
9/78	$76.67	$84.15	109.8	$73.72	96.2	$114.05	148.8	$118.85	155.0	-	-	$82.48	107.6	-	-
12/79	85.80	91.92	107.1	77.55	90.4	120.44	140.4	124.62	145.2	-	-	100.41	117.0	-	-
9/80	88.44	90.54	102.4	85.92	97.2	130.87	148.0	131.14	148.3	$99.42	112.4	120.84	136.6	$108.82	123.0
9/81	86.69	98.47	113.6	93.95	108.4	138.66	159.9	150.27	173.3	-	-	-	-	114.80	132.4
9/82	77.30	92.09	119.1	99.98	129.3	125.50	162.4	149.04	192.8	-	-	-	-	-	-
9/83	81.66	83.79	102.6	88.62	108.5	128.30	157.1	130.14	159.4	104.94	128.5	86.98	106.5	-	-
9/84	84.22	91.26	108.4	91.66	108.8	136.54	162.1	142.07	168.7	115.97	137.7	87.97	104.5	121.66	144.5
9/85	89.06	90.08	101.1	106.61	119.7	138.13	155.1	152.41	171.1	108.17	121.5	91.47	102.7	116.19	130.5
9/86	87.25	90.61	103.9	87.65	100.5	137.96	158.1	142.04	162.8	105.49	120.9	92.78	106.3	124.18	142.3
9/87	88.90	85.12	95.7	88.24	99.3	140.81	158.4	147.96	166.4	104.39	117.4	96.95	109.1	117.51	132.2
9/88	90.99	94.74	104.1	92.95	102.2	137.57	151.2	147.69	162.3	116.68	128.2	95.53	105.0	119.69	131.5
9/89	93.80	94.33	100.6	96.73	103.1	140.65	149.9	-	-	124.61	132.8	104.20	111.1	139.43	148.6
9/90	98.73	103.49	104.8	100.86	102.2	146.92	148.8	155.48	157.5	154.55	156.5	103.21	104.5	131.03	132.7
6/91	102.84	114.65	111.5	104.21	101.3	152.49	148.3	150.29	146.1	127.96	124.4	111.88	111.0	143.45	139.5

Notes: Family of four with elementary school children. Sales tax included in food prices. June 1991 data for Kenai was not available so March 1991 data was substituted

- Data unavailable

Source: "Cost of Food at Home for a Week," September 1978 to June 1991, University of Alaska Cooperative Extension Service U.S. Dept. of Agriculture and SEA Grant Cooperating

Food costs are higher in rural Alaska

Table 2 shows the cost of food for a week for a family of four with elementary school children for 20 Alaska communities. The June 1991 figures show that Anchorage has the lowest costs of the areas surveyed. Larger cities in Alaska have food costs which are fairly comparable to those in Anchorage.

The Cost of Food survey has consistently shown that the most expensive cities are the smaller and more isolated communities. This continues to be true. In places such as Bethel and Dillingham food costs are 50 to 70% higher than in Anchorage. The Cost of Food study shows an interesting contrast between Alaska and other areas of the United States. In the lower 48, larger urban areas tend to have higher costs of living than less populated areas. The opposite is true for Alaska. The cost of food and other basics such as fuel are higher in rural Alaskan communities than in the state's urban centers.

Another interesting point about this survey is that the basic relationship of higher food costs in Alaska's rural areas has not changed much during the last 14 years. Table 3 shows the difference in the cost of food between Anchorage and other Alaskan communities. It also shows the changes in costs over time within each community in the study.

ACCRA Index places Alaskan cities among most expensive

Another place-to-place cost of living measure is provided by the American Chamber of Commerce Researchers Association (ACCRA). The ACCRA cost of living study compares costs for roughly 290 cities in the United States. The ACCRA study can be used to compare some costs among a few of Alaska's cities and other cities across the nation. In the ACCRA study, a standardized list of 59 items is priced during a fixed period of time. The items priced are intended to reflect the spending patterns of a mid-management executive household.

Although state and local taxes are a part of the cost of living, the ACCRA index does not take them into account. Because of the limited number of items priced, a difference of less than three in the ACCRA cost of living index (such as 129 vs. 131) is considered statistically insignificant. A difference in the index greater than three is considered to show a cost of living difference.

Five Alaskan cities are included in the quarterly ACCRA study—Anchorage, Fairbanks, Juneau, Ketchi-

kan, and Kodiak. The 1st Quarter 1991 ACCRA data show that the Alaskan cities are among the 10 highest cost areas surveyed (See Table 4). Fairbanks has the lowest index of the five Alaskan cities in the ACCRA study. According to the index Anchorage has a cost of living roughly 35% higher than the all cities' average. Some cities known to have a high cost of living, such as Boston, New York, and Washington D.C. are not included in the current data.

The Alaska cities in the ACCRA study have the highest costs for several of the six major components of the ACCRA index (Table 4). Kodiak had the highest index for groceries. Ketchikan was tops in the health care and miscellaneous categories. Alaska's five cities had the five highest index numbers for health care costs and five out of the top six for groceries.

Table • 4

ACCRA Cost of Living Index
First Quarter 1991 – 20 High Cost Urban Areas

City	Total Index	Grocery	Housing	Util.	Transp.	Health	Misc.
Nassau-Suffolk, NY	152.1	118.9	207.4	217.6	129.0	134.4	120.5
KODIAK, AK	147.9	154.1	158.8	209.6	116.0	184.8	119.0
KETCHIKAN, AK	147.1	135.5	158.1	173.1	122.0	196.1	135.6
JUNEAU, AK	137.4	127.8	140.4	157.4	132.8	192.7	122.3
Hilo, HI	135.4	144.7	170.4	113.6	123.3	120.6	121.0
ANCHORAGE, AK	135.0	128.9	155.6	114.2	119.3	172.9	128.8
FAIRBANKS, AK	133.7	132.9	112.9	169.4	123.1	191.9	127.3
San Diego, CA	131.4	103.5	211.7	71.4	127.8	135.4	111.1
Schaumburg, IL	128.7	109.8	198.1	111.0	109.2	110.9	107.6
Philadelphia, PA	127.6	113.4	139.3	178.5	111.7	134.4	113.6
Anaheim-Santa Ana, CA	125.9	104.9	203.6	71.7	113.9	142.8	101.9
Oxnard-Ventura, CA	124.6	104.9	202.5	64.9	114.3	136.1	102.4
Los Angeles-Long Beach, CA	120.9	104.9	185.3	73.7	108.8	129.0	103.4
Palm Springs, CA	119.4	106.7	146.4	100.4	120.9	129.3	110.9
Ithaca, NY	118.5	101.9	142.5	132.6	119.9	100.1	108.7
Springfield, MA	117.9	106.4	149.0	130.2	109.4	110.1	102.7
Bakersfield, CA	117.1	108.5	116.1	103.1	114.9	141.4	123.2
Boca Raton, FL	116.5	96.7	138.8	121.5	109.4	112.1	113.5
Merced County, CA	116.4	107.6	128.7	110.6	115.8	141.3	109.0
West Palm Beach, FL	115.6	99.9	137.2	127.6	96.9	130.3	108.9
Ranking of Alaska Cities by Category							
Anchorage, AK	6	5	10	56	17	5	2
Fairbanks, AK	7	4	56	5	6	3	3
Juneau, AK	4	6	18	6	1	2	5
Ketchikan, AK	3	3	9	4	7	1	1
Kodiak, AK	2	1	8	2	14	4	9

Source: American Chamber of Commerce Researchers Association, Urban Area Index Data, 1st Quarter 1991 (291 Urban Areas Surveyed)

ACCRA points to a smaller difference in housing costs

Housing costs have always been thought of as exceptionally high in Alaska. Although they may be high, the ACCRA housing index shows that some areas in the nation have comparable housing costs. Generally the lowest rankings for Alaska's cities were in the ACCRA housing cost index. The Anchorage utilities index was lower than about one-quarter of the cities in the ACCRA study.

Comparative figures for Alaskan cities and other cities around the nation are presented in Tables 5 and 6. Table 5 shows the ACCRA cost of living indexes while Table 6 contains prices for some of the goods and services in the ACCRA study.

The ACCRA cost of living study is designed around spending patterns found in major American urban centers. The data collected in the pricing survey is an attempt to match the items found in the larger areas. This process tends to ignore the living costs found in atypical areas. For example, the transportation costs in the ACCRA study include items such as bus fare, the price of a gallon of gasoline, and automobile wheel balancing.

For many areas in Alaska, such as Juneau, Ketchikan, and Kodiak, a typical living cost may include expensive transportation just to leave town. Air fare, which may be a luxury or just one option for travel elsewhere, is a necessity in many areas of Alaska. This example

Table • 5

ACCRA Cost of Living Index
First Quarter 1991

City	Total Index	Grocery	Housing	Util.	Transp.	Health	Misc.
West							
ANCHORAGE, AK	135.0	128.9	155.6	114.2	119.3	172.9	128.8
FAIRBANKS, AK	133.7	132.9	112.9	169.4	123.1	191.9	127.3
JUNEAU, AK	137.4	127.8	140.4	157.4	132.8	192.7	122.3
KETCHIKAN, AK	147.1	135.5	158.1	173.1	122.0	196.1	135.6
KODIAK, AK	147.9	154.1	158.8	209.6	116.0	184.8	119.0
Portland, OR	109.2	104.8	131.0	71.7	109.6	132.2	103.8
Salt Lake City, UT	92.1	90.1	80.2	89.5	104.1	85.9	99.2
San Diego, CA	131.4	103.5	211.7	71.4	127.8	135.4	111.1
Seattle, WA	115.1	117.9	144.9	62.2	119.1	140.9	103.4
Southwest							
Albuquerque, NM	101.7	94.3	103.9	95.4	101.9	111.8	104.3
Dallas, TX	103.7	100.1	102.2	116.9	106.4	108.4	99.8
Phoenix, AZ	102.0	95.8	98.0	101.9	108.4	116.9	102.3
Midwest							
Minneapolis, MN	98.8	87.4	99.7	97.1	104.1	111.3	100.0
Omaha, NE	90.4	94.9	84.3	91.6	103.4	82.7	87.9
St. Louis, MO	97.8	97.6	99.1	107.2	98.6	101.0	92.5
Southeast							
Atlanta, GA	100.9	98.9	101.4	115.1	102.1	112.3	93.2
Birmingham, AL	100.4	96.1	97.7	111.7	97.3	93.8	103.4
Louisville, KY	96.2	96.7	93.9	78.8	99.2	88.4	104.5
Atlantic/New England							
Philadelphia, PA	127.6	113.4	139.3	178.5	111.7	134.4	113.6
Springfield, MA	117.9	106.4	149.0	130.2	109.4	110.1	102.7
Wilmington, DE	112.8	112.0	124.3	96.1	108.1	119.7	111.4

Source: American Chamber of Commerce Researchers Association, Urban Area Index Data, 1st Quarter 1991 (291 Urban Areas surveyed)

illustrates that the ACCRA index may very much understate the true differences between some of Alaska's cities and the all cities' average.

Runzheimer study shows smaller cost of living differential

A slightly different approach to calculating the differences among cities is taken in a study commissioned by the Alaska Department of Labor. Runzheimer International, a private research firm, looked at the comparative incomes necessary to maintain a certain standard of living in 253 different areas of the country. This income approach takes into account certain elements left out of the ACCRA cost of living measure, such as an area's tax rates.

For this study, a "base" family was created—two parents, two children, living in a 1,500 square foot home with 3 bedrooms and 1.5 baths, driving two automobiles. This family had an income of $32,000 in Standard City, a fictitious city which had costs close to the median of all the cities in the survey. The standard of living attainable in Standard City was then priced in each of the surveyed areas.

The October 1990 Runzheimer survey shows that the three Alaskan cities studied, Anchorage, Fairbanks and Juneau, have quite moderate costs compared to the other areas surveyed. In this survey, costs were only 1.3% to 4.3% above Standard City. (See Table 7.)

One assumption critical to the results of the survey was the duration of home ownership. Like the Consumer Price Index and ACCRA surveys, the guidelines in the Runzheimer survey assume a recent home purchase. The volatility of the Alaska housing market greatly impacted the cost of housing in the results. Mortgage payments accounted for 26% of the family's total living costs in Standard City. Anchorage was only slightly higher than 26%, while Juneau and Fairbanks were between 22% and 25% of total living costs going towards mortgage payments.

Several years ago, when Alaska's real estate prices were at their highest, a larger share of total income went towards housing costs. Some of the higher cost areas of the country see the greatest difference in the housing cost component—in Los Angeles over 40% of total living costs go towards mortgage payments. Those persons who bought a home during the mid-80s are paying off higher mortgages than those reported in the

Table • 6

ACCRA Inter-City Cost of Living Index 1st Quarter 1989

City	1 lb Ground Beef	1/2 gal Whole Milk	1 doz Grade A Lg. Eggs	1 lb Coffee	House Purchase Price	Total Energy Cost	1 gal Gas	Hospital Room	Office Visit Doctor
West									
ANCHORAGE, AK	$1.77	$1.76	$1.40	$3.18	158,805	$130.88	$1.43	$467.50	$61.00
FAIRBANKS, AK	1.81	1.79	1.64	3.04	110,667	198.23	1.57	372.00	57.80
JUNEAU, AK	1.80	1.88	1.06	3.09	134,700	183.26	1.79	380.00	46.20
KETCHIKAN, AK	1.62	2.04	1.52	3.58	164,333	205.53	1.76	425.00	63.00
KODIAK, AK	1.86	2.10	1.62	3.59	161,667	242.30	1.82	359.00	42.93
Portland, OR	1.69	1.34	1.26	3.26	137,820	74.04	1.38	398.10	34.80
Salt Lake City, UT	1.03	1.42	1.09	2.79	82,650	97.38	1.34	272.00	24.40
San Diego, CA	1.76	1.31	1.60	2.43	233,000	78.86	1.31	447.75	42.60
Seattle, WA	1.57	1.45	1.11	2.93	159,600	64.12	1.34	443.80	41.80
Southwest									
Albuquerque, NM	1.35	1.49	1.18	2.57	107,398	105.46	1.03	273.00	31.00
Dallas, TX	1.43	1.51	1.14	2.00	104,470	130.70	1.18	293.00	39.86
Phoenix, AZ	1.34	1.20	1.17	2.26	97,713	114.46	1.29	311.68	37.62
Midwest									
Minneapolis, MN	0.98	1.21	0.96	2.41	103,800	103.70	1.20	441.40	31.60
Omaha, NE	1.56	1.19	1.07	2.37	86,787	96.78	1.25	233.00	29.20
St. Louis, MO	1.52	1.27	1.15	2.22	101,096	119.38	1.08	291.50	34.70
Southeast									
Atlanta, GA	1.82	1.59	1.01	2.37	103,200	128.44	1.14	252.80	37.00
Birmingham, AL	1.60	1.36	1.07	2.51	105,000	119.89	1.14	288.40	32.33
Louisville, KY	1.70	1.53	0.96	2.32	99,350	80.09	1.17	303.68	29.83
Atlantic/New England									
Philadelphia, PA	1.61	1.17	1.19	3.09	144,980	209.10	1.32	429.00	46.00
Springfield, MA	1.86	1.31	1.27	2.26	163,470	147.69	1.29	298.50	35.67
Wilmington, DE	1.75	1.29	1.25	2.51	134,164	107.71	1.26	410.00	32.00
ALL CITIES MEAN	1.59	1.37	1.15	2.53	106,067	109.88	1.23	274.52	31.62

Runzheimer report. As Alaska's housing market recovers, mortgage costs will again rise, increasing total living costs.

Lower taxes contribute to lower living costs

If you examine the component indexes of the Runzheimer study, most range from five to ten percent above the average cost of living except the taxation component. The Runzheimer study indicates that the portion of income that goes to taxes in Alaska is anywhere from 10 to 15 percent below the average of the areas studied. This is a significant reason why the Runzheimer index does not show living costs to be higher in Anchorage, Fairbanks and Juneau than elsewhere in the country. Another factor to remember is that Runzheimer does not take into account a program like Alaska's Permanent Fund Dividend. If every member of the fictitious Runzheimer family received an Alaska Permanent Fund check, that would add about $3,700 to the household's income. This amounts to a significant reduction in the overall tax burden on Alaskans.

Note: All cities mean is the arithmetic mean price of all 291 cities in the 1st quarter 1991 survey.

Source: American Chamber of Commerce Researchers Association, Cost of Living Index, Average Price Data, (291 Urban Areas surveyed) 1st Quarter 1991.

Table • 7

Runzheimer International Living Cost Standards – October 1990

City	Total Costs	% of Standard City	Taxation[1]/	% of Standard City	Trans-portation	% of Standard City	Housing[2]/	% of Standard City	Misc. Goods & Services, Other[3]/	% of Standard City
Anchorage, AK	$33,380	104.3	$6,640	90.9	$4,540	112.8	$12,572	107.1	$10,412	108.4
Fairbanks, AK	32,426	101.3	6,289	86.1	4,481	111.3	11,457	97.6	10,533	109.7
Juneau, AK	33,255	103.9	6,535	89.5	4,327	107.5	12,158	103.6	10,569	110.1
STANDARD CITY	32,000	—	7,301	—	4,025	—	11,736	—	9,601	—
Albuquerque, NM	31,050	97.0	7,106	97.3	4,047	100.5	11,379	97.0	8,852	92.2
Atlanta, GA	32,944	103.0	7,769	106.4	4,458	110.8	11,793	100.5	9,268	96.5
Augusta, ME	32,379	101.2	7,511	102.9	3,856	95.8	12,133	103.4	9,213	96.0
Birmingham, AL	29,589	92.5	7,309	100.1	3,777	93.8	9,874	84.1	8,963	93.4
Boston, MA	40,723	127.3	7,372	101.0	5,043	125.3	19,261	164.1	9,381	97.7
Chicago, IL	36,293	113.4	7,756	106.2	4,329	107.6	15,098	128.6	9,444	98.4
Dallas, TX	30,926	96.6	7,075	96.9	4,580	113.8	10,129	86.3	9,476	98.7
Denver, CO	30,690	95.9	7,243	99.2	4,468	111.0	10,320	87.9	8,993	93.7
Detroit, MI	35,527	111.0	8,217	112.5	4,642	115.3	13,805	117.6	9,197	95.8
Honolulu, HI	42,535	132.9	4,771	65.3	4,841	120.3	21,879	186.4	11,377	118.5
Indianapolis, IN	30,834	96.4	7,570	103.7	4,173	103.7	10,549	89.9	8,876	92.4
Jacksonville, FL	30,081	94.0	6,604	90.5	4,041	100.4	10,560	90.0	9,210	95.9
Los Angeles, CA	43,823	136.9	6,218	85.2	5,527	137.3	22,874	194.9	9,538	99.3
Milwaukee, WI	32,629	102.0	8,806	120.6	3,969	98.6	11,294	96.2	8,894	92.6
New York, NY	43,804	136.9	7,874	107.8	7,165	178.0	19,176	163.4	9,923	103.4
Philadelphia, PA	37,440	117.0	8,261	113.1	5,004	124.3	15,165	129.2	10,165	105.9
Portland, OR	32,629	102.0	8,248	113.0	4,174	103.7	11,209	95.5	9,332	97.2
San Francisco, CA	48,948	153.0	6,157	84.3	5,065	125.8	28,334	241.4	9,726	101.3
Seattle, WA	34,332	107.3	6,464	88.5	4,521	112.3	14,384	122.6	9,297	96.8
St. Louis, MO	32,207	100.6	7,677	105.1	3,984	99.0	11,804	100.6	9,076	94.5
Washington, D.C.	38,942	121.7	6,724	92.1	4,432	110.1	18,220	155.2	9,900	103.1

1/ Sales tax (if applicable) and general real estate taxes added into federal, state, local and FICA taxes.
2/ General real estate taxes subtracted from housing component.
3/ Sales tax (if applicable) subtracted from misc. goods and services components.

Source: Runzheimer's Living Cost Index, October, 1990

Summary

The first question one must answer when looking for cost of living information is what type of comparison needs to be made. Is one interested in how costs changed over time, or how costs differ between places? Answering this question narrows the field of appropriate cost of living surveys.

Next a decision must be made on the suitability of different surveys—some surveys look at subsets of the total cost of living package, such as the Cost of Food at Home survey. Some surveys might look at a population unlike the one being studied. The ACCRA survey's mid-management family might not reflect the cost of living for poverty income level families.

In Alaska, particularly in smaller communities, survey choices are few. Only the Cost of Food at Home and the ACCRA Cost of Living Index include more than the three largest Alaska cities. These surveys have limitations in the scope of goods priced. For this reason, a data user might be forced to use an index which only approximates cost of living differences.

Given their limitations, all cost of living indexes involve some sort of compromise answer. Still, the indexes mentioned in this article provide some baseline information to help answer these questions. When used with proper care, the information can help one compare how far their dollar will go.

Summary of Cost of Living Indexes

Survey	Consumer Price Index
Population	All urban consumers (CPI-U) or urban wage and clerical workers (CPI-W).
Strength	Measures costs in one location over time; the only available inflation measure.
Weakness	Can only compare the change in the cost-of-living for specific locations; only one Alaskan area surveyed: Anchorage.

Survey	ACCRA Cost of Living Index
Population	Midmanagement level family
Strength	Compares many locations to a national average.
Weakness	No tracking of changes over time; lacks consistency in price collection.

Survey	Cost of Food at Home Study
Population	Lower income individuals or families
Strength	Compares minimum food costs for smaller Alaskan communities excluded from other studies.
Weakness	No good comparison of national data; only looks at food costs, not entire cost of living.

Survey	Runzheimer's Living Cost Index
Population	Family with $32,000 in income, living in average cost city
Strength	Considers income needed to maintain a specific standard of living in different cities; includes taxes.
Weakness	Market basket may not reflect local consumption patterns.

September Employment Growth Near A Standstill

By Neal Fried

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As the year begins to close, more negatives than positives are exhibiting themselves in Alaska's economy. The spirited economic recovery which began in 1988 appears to have lost most of its steam. In 1989 and 1990 nearly all of the state's industries were expanding, now more are losing ground than gaining. The total employment numbers are still positive, but only barely (See Figure 1). Accompanying this slowdown in employment growth is a worsening labor market picture.

Alaska's job market keeps getting tougher

September's unemployment rate of 7.5% is a sign of this deteriorating labor market. The number of unemployed climbed from 16,407 last year in September to 19,643 this September.

This worsening labor market picture predates the present economic slowdown. The large influx of victims of the national recession continues to put pressure on the Alaska job market. These job seekers have come from all over the nation. Of those out-of-state job seekers who made phone inquires through September, the largest number came from California. (See Figure 2.) It is no surprise California leads the list given its present gloomy economic picture, size, and relative geographic proximity. The number two and three states, New York and Florida, are somewhat more surprising because of their distance from Alaska. Both are large states, however, and their economies are in rough shape. An unusual twist is that Oregon and Washington were not among the top three. They are typically primary Alaska labor market feeders; but at the present time, both states are in relatively good economic shape.

This combination of a continued influx of job seekers and the present economic slowdown can only lead to even higher rates of unemployment for the foreseeable future. If the number of jobs remains unchanged or declines and the number of job seekers continues to climb, unemployment can only head in one direction. It will take a strong national economic recovery or a dramatic turnaround in the direction of Alaska's economy for the employment picture to improve.

More than half of industries losing ground

Trade is the latest industry to show negative job

Table • 1

Nonagricultural Wage and Salary Employment by Place of Work — Alaska

	p/ 9/91	r/ 8/91	9/90	Changes from: 8/91	Changes from: 9/90
Total Nonag. Wage & Salary	250,600	256,800	249,200	-6,200	1,400
Goods-producing	42,100	48,300	43,000	-6,200	-900
Mining	12,100	12,600	12,500	-500	-400
Construction	12,900	13,100	13,000	-200	-100
Manufacturing	17,100	22,600	17,500	-5,500	-400
Durable Goods	3,700	3,700	4,600	0	-900
Lumber & Wood Products	2,700	2,700	3,600	0	-900
Nondurable Goods	13,400	18,900	12,900	-5,500	500
Seafood Processing	9,500	15,000	9,100	-5,500	400
Pulp Mills	900	900	900	0	0
Service-producing	208,500	208,500	206,200	0	2,300
Transportation	22,900	23,200	22,300	-300	600
Trucking & Warehousing	2,700	2,800	2,700	-100	0
Water Transportation	1,600	1,600	1,600	0	0
Air Transportation	7,200	7,400	7,100	-200	100
Communications	3,600	3,600	3,400	0	200
Trade	47,800	49,200	48,200	-1,400	-400
Wholesale Trade	8,400	8,500	8,600	-100	-200
Retail Trade	39,400	40,700	39,600	-1,300	-200
Gen. Merch. & Apparel	6,400	6,500	6,000	-100	400
Food Stores	6,800	6,900	7,100	-100	-300
Eating & Drinking Places	13,900	14,400	13,900	-500	0
Finance-Ins. & Real Estate	10,300	10,500	10,300	-200	0
Services & Misc.	55,000	56,300	53,100	-1,300	1,900
Hotels & Lodging Places	6,600	7,200	6,400	-600	200
Government	72,500	69,300	72,300	3,200	200
Federal	19,400	19,400	19,200	0	200
State	21,900	20,600	22,000	1,300	-100
Local	31,200	29,300	31,100	1,900	100

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear here are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990
p/ denotes preliminary estimates
r/ denotes revised estimates

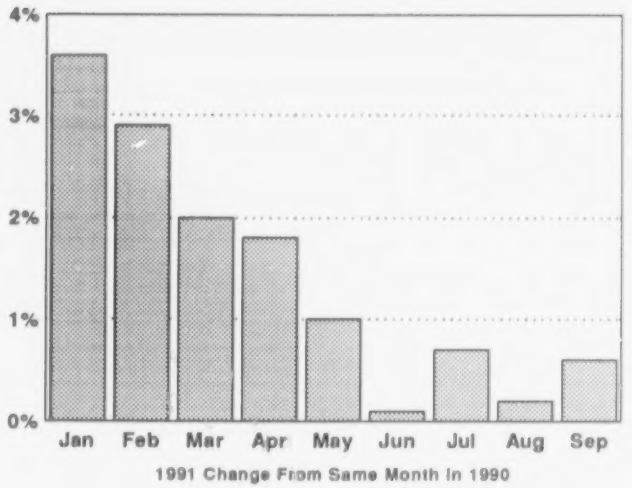
Source: Alaska Department of Labor, Research & Analysis Section.

growth in Alaska on an over-the-year basis—both at the wholesale and retail levels. This comes after more than three years of uninterrupted growth. Since 1988 trade generated more than 5,000 new jobs in the state's economy—a stellar performance by most standards. What has happened? To a large extent trade's condition is a reflection of the weakened basic sectors of the economy. Without a healthy basic sector, retail trade cannot flourish. Few large-scale layoffs have hit the industry. Instead, it appears many retailers are cutting back staff levels slowly.

Although the direction trade employment is taking is understandable, it is curious in light of the fact that a number of major new retailers and wholesalers are expected to enter the Alaska market during the next twelve months. New Sears and Fred Meyer stores are scheduled to open in Fairbanks before Christmas with a combined staff of 400-500. In addition, the wholesale-like businesses such as Costco, Pace and Eagle Building Supply are all planning to open additional stores in Anchorage in 1992-93. The Carrs Grocery chain is presently expanding and has plans to grow in different parts of the state. It's possible that when these new stores open their doors trade employment could again show positive growth. Given the present economic picture, however, it may end up being more of a case of redistributing market share.

Figure • 1

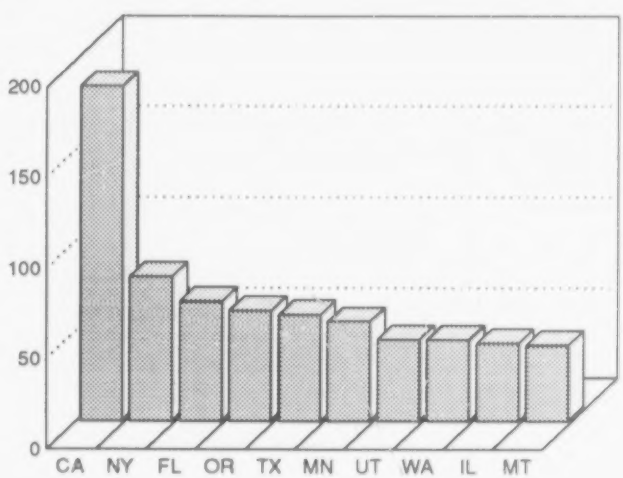
Employment Growth Rate Hovers Near Zero



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 2

Out-of-State Job Seeker Inquiries January-September 1991



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

	p/ 9/91	r/ 8/91	Changes from: 9/90	8/91	9/90
Total Nonag. Wage & Salary	117,000	118,100	115,450	-1,100	1,550
Goods-producing	13,650	14,450	13,750	-800	-100
Mining	3,750	3,900	3,950	-150	-200
Construction	7,350	7,500	7,300	-150	50
Manufacturing	2,550	3,050	2,500	-500	50
Service-producing	103,350	103,650	101,700	-300	1,650
Transportation	11,800	12,000	11,600	-200	200
Trucking & Warehousing	1,700	1,700	1,750	0	-50
Water Transportation	300	300	250	0	50
Air Transportation	4,200	4,350	4,300	-150	-100
Communications	2,200	2,200	1,950	0	250
Trade	26,800	27,100	26,700	-300	100
Wholesale Trade	5,900	6,050	5,850	-150	50
Retail Trade	20,900	21,050	20,850	-150	50
Gen. Merch. & Apparel	3,400	3,350	3,200	50	200
Food Stores	3,500	3,400	3,400	100	100
Eating & Drinking Places	7,750	7,850	7,850	-100	-100
Finance-Ins. & Real Estate	6,450	6,500	6,450	-50	0
Services & Misc.	30,700	30,900	29,600	-200	1,100
Hotels & Lodging Places	2,600	2,750	2,550	-150	50
Government	27,600	27,150	27,350	450	250
Federal	10,600	10,650	10,500	-50	100
State	8,100	7,450	8,050	650	50
Local	8,900	9,050	8,800	-150	100

Fairbanks North Star Borough

	p/ 9/91	r/ 8/91	Changes from: 9/90	8/91	9/90
Total Nonag. Wage & Salary	29,050	29,000	29,050	50	0
Goods-producing	2,600	2,800	2,750	-200	-150
Mining	200	250	250	-50	-50
Construction	1,750	1,850	1,850	-100	-100
Manufacturing	650	700	650	-50	0
Service-producing	26,450	26,200	26,300	250	150
Transportation	2,350	2,200	2,400	150	-50
Trucking & Warehousing	450	500	550	-50	-100
Air Transportation	500	500	450	0	50
Communications	300	300	300	0	0
Trade	6,500	6,550	6,450	-50	50
Wholesale Trade	800	800	750	0	50
Retail Trade	5,700	5,750	5,700	-50	0
Gen. Merch. & Apparel	600	600	600	0	0
Food Stores	800	800	850	0	-50
Eating & Drinking Places	2,450	2,500	2,350	-50	100
Finance-Ins. & Real Estate	800	850	800	-50	0
Services & Misc.	6,450	6,900	6,450	-450	0
Government	10,350	9,700	10,200	650	150
Federal	3,150	3,200	3,150	-50	0
State	4,350	3,950	4,300	400	50
Local	2,850	2,550	2,750	300	100

Anchorage-MatSu Region

	p/ 9/91	r/ 8/91	Changes from: 9/90	8/91	9/90
Total Nonag. Wage & Salary	125,150	125,750	123,450	-600	1,700
Goods-producing	14,300	15,100	14,300	-800	0
Mining	3,950	4,050	4,050	-100	-100
Construction	7,700	7,900	7,650	-200	50
Manufacturing	2,650	3,150	2,600	-500	50
Service-producing	110,850	110,650	109,150	200	1,700
Transportation	12,550	12,650	12,350	-100	200
Trade	28,850	29,000	28,850	-150	0
Finance-Ins. & Real Estate	6,850	6,900	6,900	-50	-50
Services & Misc.	32,350	32,550	31,150	-200	1,200
Government	30,250	29,550	29,900	700	350
Federal	10,800	10,850	10,650	-50	150
State	8,950	8,250	8,900	700	50
Local	10,500	10,450	10,350	50	150

Interior Region

	p/ 9/91	r/ 8/91	Changes from: 9/90	8/91	9/90
Total Nonag. Wage & Salary	33,550	33,700	33,400	-150	150
Goods-producing	3,000	3,200	3,100	-200	-100
Mining	400	450	450	-50	-50
Construction	1,900	2,000	1,950	-100	-50
Manufacturing	700	750	700	-50	0
Service-producing	30,550	30,500	30,300	50	250
Transportation	2,650	2,600	2,650	50	0
Trade	7,000	7,100	6,850	-100	150
Finance-Ins. & Real Estate	850	900	850	-50	0
Services	7,300	7,900	7,250	-600	50
Government	12,750	12,000	12,700	750	50
Federal	3,900	3,950	3,900	-50	0
State	4,600	4,300	4,650	300	-50
Local	4,250	3,750	4,150	500	100

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/ 9/91	r/ 8/91	Changes from: 9/90	8/91	9/90
Total Nonag. Wage & Salary	35,750	37,000	36,300	-1,250	-550
Goods-producing	7,100	7,850	7,750	-750	-650
Mining	350	350	350	0	0
Construction	1,350	1,300	1,300	50	50
Manufacturing	5,400	6,200	6,100	-800	-700
Durable Goods	2,300	2,300	3,050	0	-750
Lumber & Wood Products	2,150	2,200	3,000	-50	-850
Nondurable Goods	3,100	3,900	3,050	-800	50
Seafood Processing	2,000	2,750	1,950	-750	50
Pulp Mills	900	900	900	0	0
Service-producing	28,650	29,150	28,550	-500	100
Transportation	3,000	3,100	3,000	-100	0
Trade	5,750	6,100	5,650	-350	100
Wholesale Trade	600	600	550	0	50
Retail Trade	5,150	5,500	5,100	-350	50
Finance-Ins. & Real Estate	1,100	1,100	1,050	0	50
Services & Misc.	6,200	6,500	6,100	-300	100
Government	12,600	12,350	12,750	250	-150
Federal	2,400	2,350	2,400	50	0
State	5,500	5,500	5,550	0	-50
Local	4,700	4,500	4,800	200	-100

Gulf Coast Region

	p/ 9/91	r/ 8/91	Changes from: 9/90	8/91	9/90
Total Nonag. Wage & Salary	24,250	28,150	24,650	-3,900	-400
Goods-producing	6,500	9,750	6,850	-3,250	-350
Mining	1,250	1,300	1,300	-50	-50
Construction	1,050	1,050	1,250	0	-200
Manufacturing	4,200	7,400	4,300	-3,200	-100
Seafood Processing	3,200	6,300	3,250	-3,100	-50
Service-producing	17,750	18,400	17,800	-650	-50
Transportation	2,050	2,200	2,050	-150	0
Trade	4,250	4,650	4,200	-400	50
Wholesale Trade	550	650	500	-100	50
Retail Trade	3,700	4,000	3,700	-300	0
Finance-Ins. & Real Estate	600	700	600	-100	0
Services & Misc.	4,750	5,100	4,800	-350	-50
Government	6,100	5,750	6,150	350	-50
Federal	650	650	650	0	0
State	1,950	1,800	2,050	150	-100
Local	3,500	3,300	3,450	200	50

Northern Region

	p/ 9/91	r/ 8/91	Changes from: 9/90	8/91	9/90
Total Nonag. Wage & Salary	15,600	15,700	15,850	-100	-250
Goods-producing	6,550	6,900	6,850	-350	-300
Mining	6,000	6,400	6,250	-400	-250
Service-producing	9,050	8,800	9,000	250	50
Government	4,550	4,250	4,450	300	100
Federal	300	300	300	0	0
State	400	400	350	0	50
Local	3,850	3,550	3,800	300	50

Southwest Region

	p/ 9/91	r/ 8/91	Changes from: 9/90	8/91	9/90
Total Nonag. Wage & Salary	15,500	16,100	15,300	-600	200
Goods-producing	4,350	5,450	4,150	-1,100	200
Seafood Processing	4,000	5,100	3,750	-1,100	250
Service-producing	11,150	10,650	11,150	500	0
Government	6,250	5,600	6,300	650	-50
Federal	1,350	1,350	1,350	0	0
State	500	500	550	0	-50
Local	4,400	3,750	4,400	650	0

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

As already addressed in last month's Employment Scene article, many of the state's basic sectors are ailing. Oil industry employment is on the wane after three years of growth. The latest bad news is Unocal's plans to shut down one of their off shore platforms in Cook Inlet. The good news is they plan on absorbing these workers in their other operations. The shutdown may only be temporary if they can find a new oil formation. Some good news is that ARCO made a significant oil find in Cook Inlet. Other good news is that the North Slope oil producers announced they were going ahead with the GHX-2 gas handling facility in Prudhoe Bay. It will help boost oil production. During its installation phase in 1993, employment on the project could peak at 2,000.

Another basic industry, forest products, keeps losing ground. A good illustration of this is the effect this contracting industry is having on some communities. In September Haines's unemployment rate of 20.8% was the highest in the state, and three times as high as last year's unemployment rate. Most of the dramatic run-up in their unemployment rate can be attributed to the closure of the Chilkoot timber mill.

The bottomfishing industry in the state has helped buoy fish processing employment for a number of years. However, its seasons are becoming increasingly shorter like so many other Alaskan fisheries. One casualty of these shorter seasons is Kodiak, one of the state's most important bottomfishing ports. Unemployment in Kodiak shot up from 3% in August to 8.1 % in September, and most of the increase can be attributed to an early bottomfish closure.

Even government's employment picture mixed

At this time last year all levels of government were growing. Today the picture is quite different. Federal government is managing to eke out some growth—but not much. Most of it appears to be coming from the military's exchange and family support services in Fairbanks and Anchorage. State government employment, one of the engines of the recovery, is now declining.

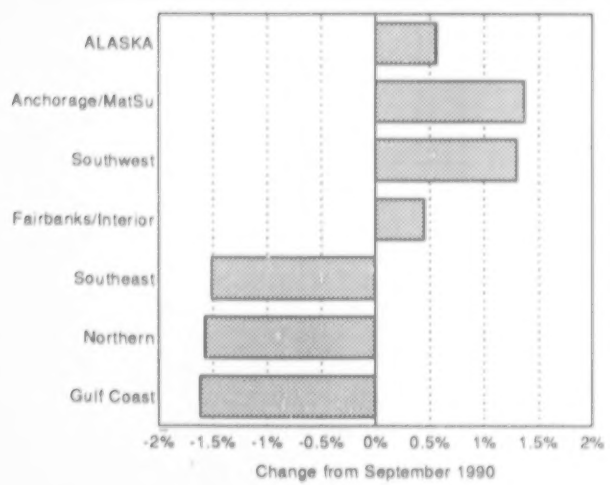
Local government's employment picture mirrors the state's. Because of soaring student populations in many communities, school districts have hired more staff. However, the state's municipalities, boroughs, cities and villages are downsizing as a result of tighter budgets. Both state and local governments were major players in the employment growth of the 1980's. It appears they will abstain from that role in the future.

Demand for services still positive

The largest private sector industry, services, has managed to keep growing. This is one of the main reasons why the overall direction of Alaska's employment picture is still positive. It is a broadly defined industry and nearly all of its different parts are growing. One of its most dynamic sectors is engineering and management services. This is somewhat astonishing because this sector is a major beneficiary of construction activity, which is on the wane. It is possible a lag is involved here which could bode well for construction in the near future. It is also possible companies are using this type of service more. Hospitals, business and social services, along with most of the other categories of services are still adding workers. The services industry is to some extent population driven and by all accounts, Alaska's population is still growing. It is also an industry with some of its own momentum, growing as the nation's economy becomes more service-based.

Figure • 3

Regional Picture Split in September



Source: Alaska Department of Labor, Research and Analysis Section

T a b l e • 3

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 9/91	r/ 8/91	9/90	p/ 9/91	r/ 8/91	9/90	p/ 9/91	r/ 8/91	9/90
Mining	$1,162.32	$1,143.71	$1,212.84	50.1	49.9	52.3	$23.20	$22.92	$23.19
Construction	1,150.81	1,109.73	1,196.54	46.8	45.8	47.9	24.59	24.23	24.98
Manufacturing	545.31	594.59	547.26	43.8	54.5	42.0	12.45	10.91	13.03
Seafood Processing	442.60	541.50	380.79	46.2	59.9	41.3	9.58	9.04	9.22
Trans., Comm. & Utilities	622.92	646.89	590.25	35.8	35.1	35.6	17.40	18.43	16.58
Trade	371.18	355.16	376.81	33.5	33.1	34.1	11.08	10.73	11.05
Wholesale	625.56	594.00	568.66	40.7	39.6	39.6	15.37	15.00	14.36
Retail	318.40	305.59	335.91	32.0	31.7	32.9	9.95	9.64	10.21
Finance-Ins. & R.E.	415.48	406.26	414.29	35.3	34.4	35.5	11.77	11.81	11.67

Notes:
p/ denotes preliminary estimates
r/ denotes revised estimates
Benchmark: March 1990

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

Regional economies-a mixed picture

On the plus side of the state's economic ledger are the Anchorage-MatSu, Southwest and Interior regions (See Figure 3). None of their present performances are exceptional but they are all still growing. The Anchorage-MatSu region continues to lead the way. In both August and September a large slice of the 2,500 medical personnel and the new F-15E squadron and their dependents began to arrive in Anchorage. Also on the plus side was the Federal Express announcement that more than 200 pilots and 13 new aircraft would be based out of Anchorage. Already, three of the new aircraft and 75 of the pilots are in Anchorage.

There was also news on the down side for the Anchorage-MatSu region. International In-Flight Catering Co., an airline food caterer, announced they would close their doors in December, laying off 140 workers. Their closure illustrates the losses Anchorage continues to suffer with the decline of international passenger air service. On the domestic side of the airline industry there was also some bad news. Mark-Air, the state's largest domestic carrier, is cutting back on their work force. The downsizing of oil company employment also caused Anchorage oil industry numbers to show negative over-the-year growth for the first time in two years.

Southwest employment figures remain positive. Their fish processing figures are still growing; but at a much lower rate than in previous years. The Interior region employment scene remains basically unchanged. Construction and mining are down but the service sector is keeping overall numbers in the black.

Of the declining regions, Southeast Alaska leads the pack. Most of Southeast's economic woes can be ascribed to the timber industry. However, state and local government are also showing up as negatives—albeit small ones at the moment. The Gulf Coast has broader woes. Construction's drag on employment numbers is due to completion of the Bradley Lake hydroelectric project outside of Homer. Seafood and oil industry employment are also weak links. A decline in Kodiak's seafood processing industry is hitting the region hard. The Kenai Peninsula's oil sector is softening as it has elsewhere in the state. Northern region's slide is all related to the decline in oil activity on the North Slope.

Summary-jobs continue to get harder to find

Alaska's recent phase of strong employment growth appears to be coming to an end. As a result, the job market is increasingly competitive. The first signs of this became evident in 1990 when the number of out-of-state job seekers began to grow rapidly. The labor market was able to absorb many of the new job seekers because job growth was vigorous. The story changed in 1991. The number of out-of-state job seekers continued to grow but the number of new jobs grew too slowly to provide opportunities for many of the new entrants. As a result the unemployment picture worsened considerably.

On the industry side, the employment picture is truly mixed. In 1990 at this time of year, nearly all of the state's industries were growing. Now only half are. Timber, construction, oil, trade and state government moved over to the negative side of the economic ledger.

The poorer performance of these basic sector industries is now being felt on the service-producing side. For example, trade employment levels began falling below year-ago levels this month, a first in more than three years. On the other hand, services employment is still managing to grow enough to offset the losses in many of the other industries. This mixed industry picture is affecting the state's regions in different ways. Southeast employment is declining because of timber's poor showing but Anchorage/MatSu is still growing slightly because of a stronger service-producing sector.

What all this means is that for many people, finding employment (a difficult task even in prosperous times) will be difficult this winter and possibly next year. This labor market picture is not likely to change until a full national economic recovery is in motion or a strong turnaround in Alaska's economy takes place.

Table • 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate %			Employment		
	p/ 9/91	r/ 8/91	9/90	p/ 9/91	r/ 8/91	9/90	p/ 9/91	r/ 8/91	9/90	p/ 9/91	r/ 8/91	9/90
Alaska Statewide	260,509	268,436	260,178	19,643	17,898	16,407	7.5	6.7	6.3	240,866	250,538	243,771
Anch.-MatSu Region	136,317	137,539	134,488	9,673	8,685	7,774	7.1	6.3	5.8	126,644	128,854	126,714
Munic. of Anchorage	119,733	121,551	118,277	7,734	6,836	6,106	6.5	5.6	5.2	111,999	114,715	112,171
MatSu Borough	16,584	15,988	16,211	1,939	1,849	1,668	11.7	11.6	10.3	14,645	14,139	14,543
Gulf Coast Region	29,446	33,737	30,213	2,827	2,379	2,569	9.6	7.1	8.5	26,519	31,358	27,644
Kenai Peninsula Borough	18,320	21,042	18,878	2,010	1,828	1,940	11.0	8.7	10.3	16,310	19,214	16,938
Kodiak Island Borough	6,764	7,548	6,735	549	227	281	8.1	3.0	4.2	6,215	7,321	6,454
Valdez-Cordova	4,362	5,147	4,600	268	324	348	6.1	6.3	7.6	4,094	4,823	4,252
Interior Region	36,651	37,218	36,540	3,261	3,201	2,794	8.9	8.6	7.6	33,390	34,017	33,746
Fairbanks North Star Bor.	31,692	32,217	31,619	2,740	2,722	2,359	8.6	8.4	7.5	28,952	29,495	29,260
Southeast Fairbanks	2,041	2,064	2,050	191	179	180	9.4	8.7	8.8	1,850	1,885	1,870
Yukon-Koyukuk	2,918	2,937	2,871	330	300	255	11.3	10.2	8.9	2,588	2,637	2,616
Northern Region	8,554	8,491	8,528	812	727	601	9.5	8.6	7.0	7,742	7,764	7,927
Nome	3,140	3,147	3,148	308	307	248	9.8	9.8	7.9	2,832	2,840	2,900
North Slope Borough	3,077	3,056	3,086	149	119	88	4.8	3.9	2.9	2,928	2,937	2,998
Northwest Arctic Borough	2,337	2,288	2,294	355	301	265	15.2	13.2	11.6	1,982	1,987	2,029
Southeast Region	36,820	38,343	37,565	2,447	2,245	1,974	6.6	5.9	5.3	34,373	36,098	35,591
Haines Borough	1,032	1,040	909	215	182	63	20.8	17.5	6.9	817	858	846
Juneau Borough	16,511	17,194	16,896	967	868	801	5.9	5.0	4.7	15,544	16,326	16,095
Ketchikan Gateway Bor.	6,812	7,101	7,010	442	412	414	6.5	5.8	5.9	6,370	6,689	6,596
Pr. of Wales-Outer Ketch.	2,897	2,978	2,823	362	316	198	12.5	10.6	7.0	2,535	2,662	2,625
Sitka Borough	4,262	4,430	4,346	213	178	154	5.0	4.0	3.5	4,049	4,252	4,192
Skagway-Yakutat-Angoon	1,669	1,783	1,805	86	121	166	5.2	6.8	9.2	1,583	1,662	1,639
Wrangell-Petersburg	3,637	3,817	3,776	162	168	178	4.5	4.4	4.7	3,475	3,649	3,598
Southwest Region	12,721	13,108	12,844	623	661	695	4.9	5.0	5.4	12,098	12,447	12,149
Aleutians East Borough	893	917	899	7	6	10	0.8	0.7	1.1	886	911	889
Aleutians West	2,508	2,579	2,524	27	26	32	1.1	1.0	1.3	2,481	2,553	2,492
Bethel	4,928	5,061	4,948	342	343	343	6.9	6.8	6.9	4,586	4,718	4,605
Bristol Bay Borough	492	504	498	24	23	28	4.9	4.6	5.6	468	481	470
Dillingham	2,250	2,316	2,284	59	62	84	2.6	2.7	3.7	2,191	2,254	2,200
Wade Hampton	1,650	1,731	1,691	164	201	198	9.9	11.6	11.7	1,486	1,530	1,493

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1990

- *Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.*
- *Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.*
- *The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.*
- *he employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.*

Source: Alaska Department of Labor, Research & Analysis Section.

Alaska Economic Regions

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